

**2005-2007
DHFS Items included in
Governor's Biennial Budget
February 8, 2005**

Governor's Budget Priorities

- Balance budget without tax increases
- Streamline state government operations
- Strengthen K-12 school system
- Support healthy kids, safe kids, and strong families, by implementing KidsFirst initiatives
- Invest in UW System through additional faculty and increased financial aid
- Continue economic development momentum
- Preserve access to health care services for vulnerable populations
- Increase patient safety and reduce health care costs through health care quality and medical technology initiatives

General Overview

Enhances services to children and families by reallocating GPR:

- Bureau of Milwaukee Child Welfare (BMCW) reduced out-of-home placements by over 40% between January 2002 and November 2004 (from 4,507 to 2,403 children, excluding court ordered Kinship Care), by providing in-home safety services and moving children more quickly into permanence.
- Adjusts federal IV-E budgeted for BMCW to align with IV-E generated.
- Reinvests GPR to further improve outcomes for children in Milwaukee and statewide.

Preserves the health care safety net - MA, BadgerCare, Senior Care

- Governor's Budget includes several measures to control costs and maximize federal revenue
- Does not reduce eligibility or service coverage
- Does not increase client cost sharing

Community Aids

Maintains base FY 05 level

- Decrease in Social Service Block Grant by \$272,300 annually
- Offset by increase in IV-E funding to keep Community Aids at current level
- BCA increase in CY 06 and CY 07 to cover Foster Care rate increases

Child Welfare (DCFS)

Bureau of Milwaukee Child Welfare Re-estimate

- Funding changes based on projected caseloads/service expenditures and changes in federal claiming rates. Federal adoptions incentive funds used to replace some GPR on a one-time basis in FY 06.
- Expands safety services, initiates caseworker recruitment and retention strategies, funds foster and adoptive parent training and expands mental health and domestic violence services to strengthen Milwaukee child welfare services.

Child Welfare (CW) Program Enhancement Plan (PEP)

- \$4.16M to implement PEP for the biennium
- Major components include:
 - ✓ Technical Assistance and Training for county staff
 - ✓ Expanding CW research, policy and program analysis
 - ✓ Implementing CW Continuous Quality Improvement plan
 - ✓ Wisconsin Foster Care and Adoption Resource Center

Foster Care Rate Increase

- Implement 10% rate increase over two years, with a 5% rate increase effective January 2006, and an additional 5% rate increase effective January 2007.
- Funding for rate increases in non-Milwaukee counties provided through Community Aids increase in CY 06 and CY 07.

State Special Needs Foster Care and Adoption Assistance Re-estimate

- Increases funding by \$10.6M (AF) in FY 06 and \$19M (AF) in FY 07 based on projected expenditures for special needs children.

MA Coverage for Youth Leaving Out-of-Home Care (OHC)

- Phase in expansion of MA eligibility for youth leaving OHC.
- Starting Jan 1, 2007, MA coverage expands to all eligible youth age 18 or 19. Expands to include 20 year olds in CY08

Subsidized Guardianship Program

- Statutory language change provides the Department the authority to implement a subsidized guardianship program consistent with its federal IV-E waiver.

Kinship Care Re-estimate

- Reduces Kinship Care funding by \$373,800 PRS (federal TANF) in both years of the biennium for kinship care payments, assessments and administration based on caseload re-estimates.

Child Care Consolidation

- Transfers child care facility licensing responsibilities from DHFS to DWD.
- Responsibility for Child Welfare facility licensing remains in DHFS.

TANF Funding in Brighter Futures and Domestic Violence Programs

- Replaces existing TANF funding with an equivalent amount of GPR for the Brighter Futures and Domestic Violence programs.

Domestic Abuse Grant Program

- Provides an increase of \$30,900 PR in FY 06 and \$39,300 PR in FY 07 to fund the domestic abuse grant program.

KidsFirst – Refugee Family Strengthening Project for Domestic Violence Services

- Provides \$563,500 GPR in FY 06 and \$563,500 GPR in FY 07 to the Refugee Family Strengthening Project for domestic violence services

Federal Byrne Funding Re-estimate

- Provides a decrease of \$86,000 PRS per year in FY 06 & 07 in federal Byrne funding to DHFS from the Office of Justice Assistance, as a result of a reduction in the state's federal grant award.
- In FY 05, DHFS received a total of \$180,000 PRS in Byrne funds for the Career Youth Development Center in Milwaukee, Court Ordered Special Advocates and the Children's Safe House in Kenosha.
- A determination has not been made as to how this cut will affect each program.

WiSACWIS Confidentiality

- Statutory language change to clarify that DHFS, a county or a licensed child welfare agency can enter confidential information into WiSACWIS if the information is necessary for the organization to perform its duties or coordinate the delivery of services to the client under the Children's Code, the Juvenile Justice Code, or the Mental Health Act.

DCFS & DDES

Mental Health and Substance Abuse Services for Child Welfare Families

- Establishes pilots in 2 small/medium counties for Mental Health/Substance Abuse screening, assessment and treatment strategies for up to 213 children and 117 parents in FY 06, and 426 children and 234 parents in FY 07 who are entering the child welfare system.
- Strategies that prove successful in pilots will be applied statewide to strengthen the CW system throughout the state
- To fund this initiative, creates a Child Abuse Prevention and Child Mental Health Surcharge, that generates revenue based on a \$20 surcharge for each misdemeanor offense or count, and for each felony offense or count.
- Of the surcharge, \$6 will go to the Child Abuse and Neglect Prevention Board and \$14 will go to DHFS to fund this program.
- Provides \$313,800 AF in FY 06, and \$1,059,200 AF in FY 07 for this pilot.

DDES (Long Term Care and Mental Health/Substance Abuse)

Community Placements

- Implements an expansion of CIP II for elderly or disabled.
- CIP II funds would be available to counties for all nursing home residents who wish to relocate to the community.
- The CIP II funds will become permanent funding for the CIP II program.
- Statutory change would allow DHFS to establish an "enhanced" CIP II rate for nursing home relocations that is higher than the rate budgeted for existing slots, similar to CIP 1B program.
- Assumes that 540 individuals in FY 06 and an additional 900 individuals in FY 07 will relocate from nursing homes to the community under this program

Children's Long Term Support (LTS)

- Provides an increase of \$74,400 GPR (\$176,300 AF) in FY 06 and \$375,600 GPR (\$882,500 AF) in FY 07 to expand children's LTS programs
- Funding will be used for 10 pilot site slots, and 10 statewide crisis slots in FY 06, and an additional 35 pilot site slots and 25 statewide crisis slots in FY 07.

Intensive Autism Waiver Services (Part of MA Base Re-estimate)

- Provides an additional \$9.5M AF over the biennium to keep the program fully funded.
- This provides funding to serve 250 new children each year of the biennium at the intensive level.
- The daily rate for the intensive level is increased to reflect the new rate that went into effect when transportation services were added. New intensive daily rate is \$101.47. Ongoing rate remains at \$30.60 per day.

Community Opportunities and Recovery Waiver (Nursing Home Relocation Waiver for Persons with Serious Mental Illness)

- Implements new MA 1915(c) Home and Community Based Waiver to relocate persons with co-occurring mental health (MH) and physical health conditions from nursing home to community.
- New waiver will include LTS services and MH community services specific to the needs of the person with a MH diagnosis and a physical condition that is severe, persistent and may require periods of intense supervision and support to remain safely in the community.
- DHFS is applying for the waiver in CY 05.
- Statutory language change requires DHFS to implement the waiver within limits of available federal, state and county funds once federal approval is received.
- Funds will be transferred from the nursing home appropriation to the waiver appropriation to fund the costs of the waiver. There will not be a requirement that the nursing home bed must close when the person moves from the nursing home into the community.
- Provides 25 state-matched slots in FY 06 and an additional 75 state matched slots in FY 07 for a total of 100 slots. As with other home and community-based waivers, locally matched slots would also be available.

Relocations from State Centers

- Proposes continued relocation of individuals from state centers.
- Projects that 90 people would be relocated over the biennium.

Intoxicated Driver Program (IDP)

- Intoxicated Driver arrests and IDP surcharge fee collections are expected to increase in the 05-07 biennium.
- The Governor's Budget uses a part of the increased revenue to provide an additional \$450,000 annually to county IDP Programs to cover costs incurred by counties.
- The new funding would be distributed using an incentive approach that will reward counties that use evidence-based interventions and maintain good outcomes for individuals that are served by these interventions.

Benefit Specialists

- Provides \$900,000 GPR in FY 07 to continue the funding for Elderly Benefit Specialist positions that were created with one time federal grant funds to provide information on the new federal drug benefit.

DD Waiver Funds for New Construction Home Modifications

- To conform to federal requirements, allows waiver funds under CIP 1A, CIP 1B, Brain Injury and Children's Long Term Support waivers to pay for new construction if done as part of an approved home modification.

Management of Care and Nursing Services

- Decreases MA funding for MA personal care, private duty nursing, and home care due to efficiencies resulting from the planned use of the Long Term Support Functional Screen to prior authorize for personal care as well as other measures.

Milwaukee County Mental Health Complex (MCMHC) Funding

- Nursing homes designated as Institutes for Mental Disease (IMD) are ineligible for MA for residents 22 through 64 years old
- In FY 04, DHFS MA State Plan amendment redefined the term “specialized services” and added a term of “specialized psychiatric rehabilitation services (SPRS).” Because SPRS are services that are less intensive than specialized services, it is permissible to include these services as an MA benefit. The majority of MCMHC residents are in need of these less intensive services and, as a result, MCMHC no longer is designated as an IMD.
- Based on this re-designation, MCMHC can receive MA reimbursement for all residents.
- Increases total revenue to facility and results in GPR savings of \$782,100 in FY 06 & \$750,600 in FY 07. Also generate additional IGT revenue of over \$800,000 in the biennium.

State Independent Living Council

- Establishes the State Independent Living Council as a non-profit corporation effective July 2005

PATH Program Transfer to Department of Commerce

- Transfers the Project for Assistance in Transition from Homelessness (PATH) program from DHFS to Department of Commerce, to integrate more closely with other homeless programs already administered by Commerce.

Female Offender Re-Integration Program

- Enhanced community transition program for female offenders with children, focusing on developing a comprehensive pre-release plan that addresses all critical factors for success in community upon release.
- Will target women with children who have committed non-violent crimes and who will be released from prison and live in Milwaukee County.
- Funded primarily with federal funds from Access to Recovery grant and Substance Abuse Block Grant. \$279,100 GPR over biennium to fund assessment and treatment for women not eligible for funding under federal criteria.

Income Maintenance (DHCF)

MA Eligibility Quality Assurance (QA)

- Modeled after the Food Share QA process
- Implements state QA reviews to monitor error trends and determine causes of errors
- Implements local second party reviews
- Provides technical assistance and training to implement corrective actions
- Increases data resources to verify eligibility
- Policy change allows eligibility workers to request verification of eligibility
- A statutory language change provides DHFS authority to require third parties such as employers and banks to provide information necessary to determine eligibility and benefits for IM programs.
- Implementation of these QA initiatives will result in net savings of \$23.5M AF (\$9.5M GPR) in the biennium

IM Contract increase for Counties and Tribes

- Provides an increase of \$630,000 in CY 06 and \$630,000 in CY07 to implement local second party reviews beginning January 2006.
- Provides an increase of \$87,500 in CY 05 and \$175,000 in CY 06 & 07 to implement revised MA verification policy beginning in July 2005.
- Total increase to IM Contract is \$87,500 in CY05, and \$805,000 in CY06 & 07

IM Cemetery, Funeral and Burial Aids Program

- Funding for this program remains part of the IM appropriation.
- Statutory language is added stating that DHFS will reimburse counties/tribes for costs to the extent that funds are available for this purpose.
- DHFS will set aside a portion of the IM appropriation annually to reimburse counties for these costs.
- Statutory language remains unchanged related to county responsibility for covering these costs.

Changing the Medicaid Grace Month

- Revises Medicaid and BadgerCare “grace month” policy so eligibility is terminated at the end of the 12 month benefit period, consistent with federal regulations.
- Cost savings of \$6.9M AF (\$2.8 GPR) over biennium.

Recovery of Incorrect Badger Care and Medicaid Payments

- Increase of \$70,000 PR in SFY 07 to reflect the increase in revenues from allowing DHFS to recover overpayments that result from a failure to report changes in non-financial criteria outside of the application and review period (changes in residency, household composition or insurance coverage for BadgerCare).
- Statutory language changes allow DHFS to expedite the process of acquiring court orders so that recoveries can be made through the use of tax intercept.

Medical Assistance (DHCF)

MA Base Re-estimate

- Increase of \$579M GPR over biennium (\$245M in FY06, \$334M in FY07)
- Re-estimate includes
 - ✓ \$104.8M GPR in each year due to imbalance in base funding and projected cost of services in SFY05.
 - ✓ \$130M GPR to reflect decreased federal revenue due to federal government refusal to approve certain federal revenue maximization initiatives
 - ✓ Decline in revenue from other initiatives
- Re-estimate adjusts MA base expenditures to account for
 - ✓ Caseload increases (FY05 +7.0%, FY06 +4.1%, FY07 +2.3%),
 - ✓ Increases in service intensity (increases in drug costs, including HMO capitation rate increases, comprise large portion of increases)
 - ✓ FFP match rate reduction (FY05 58.34%, FY06 57.80%, FY07 57.80%), increasing GPR costs by \$62.4M in biennium, and
 - ✓ Cost to continue

BadgerCare Re-estimate

- Decrease of \$28.7M all funds over biennium
- Decrease due to decline in enrollment in FY05 (caseload in FY 04 = 113,002, to FY05 = 94,473)
- Expected to resume growth after FY05 (FY06 = 92,301, FY07 = 96,022)

Senior Care Re-estimate

- Increase of \$40M GPR/\$90M all funds

Transportation Broker

- MA covers non-emergency transportation by common carrier and Specialized Motor Vehicles. This creates a Transportation management (broker) program for MA recipients.
- Using a broker generates cost savings.
- Brokers provide a single point of contact for recipients, centralizing vehicle dispatch, record keeping, vehicle maintenance and other functions.
- Some brokerage systems also enroll and reimburse providers, oversee quality assurance, and coordinate with state transit agencies and other human service agencies.
- Currently counties authorize common carrier transportation for MA recipients, may arrange for the transportation, pay the transportation carrier, and then get reimbursed through CARS. This proposal could relieve counties of these responsibilities. DHFS will seek further input from stakeholders, including counties, to help define what functions and processes might be used for the Transportation Broker program.

Expansion of SSI Managed Care

- Phase-in Milwaukee and Dane in April - June 2005
- Marshfield Clinic modified case management program in 28 county area
- Further expansion in FY 06 to La Crosse County, Southeast WI and Fox Cities (Counties included in SE and Fox Cities are not identified yet.)

MA Services for Children in Residential Care Centers (RCC)

- Provides federal reimbursement for Health Check-Other Services provided by an RCC.
- Initiative to claim MA funds for treatment services not currently reimbursed by MA and provided by RCCs beginning in FY 05
- Estimates \$59.5M new federal revenue in biennium
- Counties and RCCs held harmless for additional administrative costs for claiming new MA revenue.
- \$7.6M in FY 06 and \$5.1M in FY 07 allocated to counties and BMCW for rate increases to RCCs to cover administrative costs
- Remainder of new revenue, \$23.4M per year in FY 06 and FY 07, used to offset MA funding deficit.

Wisconsin Medicaid Cost Reporting (WIMCR)

- Continues WIMCR on an ongoing basis after CY 05 (sunset date is removed).
- Includes an increase of 13.2% or \$2,250,000 GPR in FY 06 and maintains this level in FY 07 to hold counties harmless for revenues previously received under the Community Services Deficit Reduction Benefit (CSDRB) (Increase from \$17 M/year to \$19,250,000 for CSDRB hold harmless payments for counties).
- Generates net savings of \$20M GPR in the biennium in the MA Program.

Prenatal Care for Non-qualified Immigrant Women

- Expands prenatal care to women who are not eligible for full MA services, but whose children, if born, would be eligible for BadgerCare.
- Includes low-income, pregnant, non-qualifying immigrants who currently only qualify for emergency MA services.

Managed Care for Low Income Families

- Increases managed care enrollment in Medicaid and BadgerCare by 5%
- Promotes managed care to Medicaid and BadgerCare recipients
- Works with individual managed care organizations to expand the number of MA and BadgerCare recipients they can serve.
- Projected MA savings of \$7M (AF) (\$2.8M GPR) over the biennium

Nursing Home Bed Assessment and Rate Increase

- Increases bed assessment for nursing facilities by \$50/month, from \$75/month per licensed bed to \$125/month.
- Provides funding for a 1.4% rate increase in each year of the biennium to reimburse on average the increase in costs from the increased bed assessment. Department will begin implementing an acuity-based rate increase methodology in second year of biennium.
- Increases bed assessment for ICF-MR from \$445/month per licensed bed to \$523/month in FY 06 and \$587/month in FY 07.
- Additional bed assessment revenue would generate GPR savings in the MA base benefit budget of \$7,401,000 in FY 06 and \$7,622,600 in FY 07 after the rate increases.

Medicaid HMO Provider Assessment and Rate Increase

- Establishes a 6% provider assessment on the gross revenues of HMOs that are licensed and serve Medicaid recipients
- Provides a 7.6% rate increase for these HMOs in each year of the biennium.
- The assessment would affect HMOs serving Medicaid and BadgerCare low income families and children, SSI managed care HMOs and PACE/WPP HMOs.
- The combined effect of these changes is net GPR savings of \$42,528,200 in the biennium.

Third Party Liability (TPL) Identification and Recovery

- Currently DHFS identifies TPL by matching MA eligibility file against 80 major insurance carriers in WI.
- DHFS will contract with a vendor to do additional TPR identification and recovery activities for new forms of insurance coverage not in the state system.
- Provides \$7.1M (AF) savings over the biennium

Health Care Transitions for Adults with Special Needs

- Specified health care providers in Milwaukee will provide case management services to high-cost Medicaid recipients who are beginning the transition from child-centered care to adult health services.
- Reduces Medicaid funding by \$56,400 GPR and \$77,300 FED in FY 06, and \$113,900 GPR and \$153,500 FED in FY 07 to reflect savings achieved.

Medicaid, BadgerCare and SeniorCare Pharmacy Reimbursement

- Reduces pharmacy reimbursement for brand name drugs from the average wholesale price (AWP) minus 13% to AWP minus 16.0%.
- Eliminates the Senior Care 5% enhancement for brand name drugs.
- Reduces the dispensing fee from \$4.38 to \$3.88 per prescription.
- Provides savings of \$7,272,000 GPR and \$9,094,800 FED in FY06, and \$10,559,700 GPR and \$13,880,400 FED in FY07.

Health Care Quality Improvement Fund

- Establishes a Health Care Quality Improvement (HCQI) SEG Fund to be used to fund MA benefits
- Transfers \$179.4 M of Patients Compensation Fund into the HCQI Fund, of which \$150 M is used to fund MA base benefits, \$19.4 M is used to fund MA Supplemental hospital payments and \$10 M is used to fund medical technology improvement initiatives (see Public Health summary).
- Transfers \$130 M of funding from state revenue bonds into the HCQI Fund to be used to fund MA base benefits.

Public Health

Expand Dental Service for low-income children

- Creates a permanent grant program for 2 tech colleges to operate their dental clinics year round to provide dental care to low income and uninsured children, and to train students to be dental hygienists and dental assistants
- Expands Seal-a-Smile to double the current grant program to provide dental sealants to an additional 1200 children

Initiate Family Foundations

- Start date January 2007
- Home visiting program
 - ✓ In the first year, the Universal Program will provide one-time home visits to 40% of first-birth families in the state, and the Targeted Program will provide ongoing support to 45% of Medicaid first births.
- Will build on current local efforts
 - ✓ Prohibits supplanting of current investments
 - ✓ Local communities must provide 25% matching funds
 - ✓ Can be administered by HSD, DPH, community-base organization or combination working in partnership.

Parental Access to Immunization Registry

- Provides parents access to their child's immunization record on the Wisconsin Immunization Registry (WIR)

Health Care Information

- Eliminates Board on Health Care Information effective October 1, 2005.
- Replaces it with the Health Care Quality and Patient Safety Board (HCQPSB) in DOA.
- The HCQPSB is charged with developing a plan for developing an improved health care data technology repository and is authorized to make grants or loans to entities for this purpose.
- 2.2 FTE are transferred from DHFS to DOA to staff the Board.

Revised
February 23, 2005

- \$250,000/year of DHFS physician assessment revenue is transferred to a new Health Care Quality Improvement (HCQI) Fund, which funds among other things, the new Board.
- \$10 M of funding is transferred from the Patients Compensation Fund to the HCQI Fund to be used for health care information and technology improvements.

Transfer Sanitarian Registration

- Transfers registration of sanitarians from DHFS to the Department of Regulation and Licensing (DRL).

OSHA Transfer to UW Laboratory of Hygiene

- Transfers 9.5 FTE in the Occupational Health Consultation program from DHFS to University of WI State Laboratory of Hygiene

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